

**Cape May Court House, New Jersey
TOWNSHIP OF MIDDLE
TOWNSHIP COMMITTEE
WORKSESSION AGENDA
March 20, 2017 4:00 PM (prevailing time)**

CALL TO ORDER:

Mayor's Announcement: I hereby declare that notice has been given to the Herald Times, the Atlantic City Press and posted on the bulletin board of the Middle Township Municipal Building, stating the time and place of the following meeting, as required in P.L. 1975, Chapter 231 of the State of New Jersey. (Sunshine Law).

Notice of this meeting was properly given in Resolution No. 16-17 entitled "Establishing Work Session Meeting Nights" which was adopted by Township Committee of the Township of Middle on January 2, 2017.

Members present are Mayor Clark, Deputy Mayor DeVico, and Committeemember Donohue

Interim Administrator Stephen O'Connor, Township Clerk Kimberly Krauss & Municipal Solicitor Frank Corrado.
Municipal Engineer Marc DeBlasio was absent.

FLAG SALUTE:**SPECIAL PRESENTATIONS OR DISCUSSIONS:****ITEMS OF DISCUSSION:****DEPARTMENTAL REPORTS AND PROJECT UPDATES:****Administration:****Finance:**

2017 Budget Presentation- Fred Caltabiano,
Bowman & Company & Susan Quinones, CFO

2017 Municipal budget presented to the public for review.

Fred Caltabiano, Registered Municipal Auditor:

- *Presented the 2017 budget by PowerPoint presentation.*
- *27% of the tax bill is what the township levied amounts to last year; received by the township from homeowners for operations.*
- *The school has not yet introduced their budget for the current year and neither has the county.*
- *Will not have 2017's rates until sometime in August.*
- *The remaining 73% of the budget is received by the school and the county; excludes fire districts.*
- *In 2016, the average home paid \$4,051 in taxes; \$1,093 out of the average total collected was received by the township for operations; \$2,958 was received by the school and the county; county also includes open space.*
- *Explained how the average was calculated; Table of Aggregates.*
- *Presented a pie chart for 2017's budget revenues; 8% of budget revenues is surplus; 13% is miscellaneous revenues.*
- *62% of Middle Township's revenue is collected from the tax payers.*
- *2016's budget revenues were similar to 2017's.*
- *Explained how grants fluctuate from year to year.*
- *Reviewed budget amounts from 2013-2017.*
- *Went over fund balance, also known as surplus, and the use of it.*
- *Surplus from 2015 to 2016 increased about \$78,000.*
- *Township's plan is to use \$1,611,000.00 of surplus which is approximately 76.6% of the available surplus; down \$30,000 from the prior year; used 81% of surplus in 2016.*
- *Outlined how surplus is created; gave the definition of surplus: created when more money is collected than anticipated.*
- *Gave summary on how surplus was used 2012 to 2016; prior anticipation of revenues fell short.*
- *MRNA has fluctuated; very unpredictable.*
- *Percentage of tax collection is being thrown off a little due to the accelerated tax sale held in 2016; collection budget was conservative in 2016.*

Committeeman Donohue:

- *Inquired about a 99% collection rate guarantee in the given estimate concerning the accelerated tax sale.*

Fred Caltabiano, Registered Municipal Auditor:

- *Third parties in the business of buying liens must continue to buy the township's.*
- *Gave overview of what he has seen occur in other municipalities when buyers stop purchasing liens.*
- *Tax rate has a 2.3 cent increase.*

Stephen O'Connor:

- *Asked why the tax rate could not be reduced if there was a surplus the prior year.*

- Has always assumed the township could use the amount of money in surplus that is anticipated to be replenished the following year.
- Requested an example of a circumstance that would cause anticipated revenue to significantly differ.

Fred Caltabiano, Registered Municipal Auditor:

- Agrees with Stephen in regards to how much money from surplus can be utilized.
- Anticipated revenue depends on many factors.
- Provided summary of major appropriations for 2017; 13 items make up 72% of the township's budget; the remaining 78 items make up the remaining 28% of the budget; informational slide.

Christopher Leusner, Chief of Police:

- Wanted to point out to the public that the police department is the only department that has 24/7 labor costs as opposed to all other departments 40 hours per week.

Fred Caltabiano, Registered Municipal Auditor:

- 2017 budget varies due to Conifer PILOT received; to be shared with school.
- Elaborated on how the Pilot would be dispersed; county's standard is usually 5%; estimated total of 67% being distributed.

Dan Lockwood, Middle Township:

- Asked if the plans or numbers for the PILOT were verified anywhere.

Fred Caltabiano, Registered Municipal Auditor:

- \$104,000 collected from PILOT in 2016.
- Does not believe PILOT should be shared until collected.

Committeeman DeVico:

- Spoke of monies collected and how he believes it will be shared.

Fred Caltabiano, Registered Municipal Auditor:

- Spoke to development of annual audit and how it is conducted.
- Independent audit provider will deliver annual statement and certification.
- Reviewed summary of state pension bills and the increase for health insurance by 6.22%.
- Gave history on decrease from 2011-2015; an increase had been experienced in the last two years.

Stephen O'Connor:

- Asked if there was deferred pension from 2011-2015.

Fred Caltabiano, Registered Municipal Auditor:

- No deferred pension.
- Spoke of the capital improvement fund; recapped expenditure increase in 2017.
- "The fund did have quite a bit of money and it was spent over the years to the point the township needed to start building it back up."
- 6 line items include everything previously spoken about; 2.4% increase.
- 75-80 other line items in the budget experienced a total increase of \$112,000.

Stephen O'Connor:

- Asked for clarification in regards to the 75-80 other line items including salaries and wages.

Fred Caltabiano, Registered Municipal Auditor:

- Lines 75-80 is the net of all other line items; includes salaries and wages.
- Will provide copies of budget for questions that may arise afterwards.

Committeeman Donohue:

- Asked if the salary and wage calculation excluded the police department.

Fred Caltabiano, Registered Municipal Auditor:

- Yes, police department excluded.
- Spoke of the variables that cannot be changed; contract with animal shelter, PILOT, etc.

Dan Lockwood, Middle Township:

- Questioned if a 2% increase would go above CAP.

Fred Caltabiano, Registered Municipal Auditor:

- Discussed items that are outside of CAP; a lot of exceptions.

Christopher Leusner, Chief of Police:

- Asked for clarification in regards to the banking of the 2% CAP.

Fred Caltabiano, Registered Municipal Auditor:

- Showed and explained amounts on page 3C of the introduced budget.

Stephen O'Connor:

- Asked what would be left of the CAP bank afterwards.

Committeeman DeVico:

- *The remainder of 2015 and 2016.*

Fred Caltabiano, Registered Municipal Auditor:

- *Correct, the remainder of 2015 and 2016; further explained.*

Committeeman Donohue:

- *Asked for clarification on total ratable base.*

Fred Caltabiano, Registered Municipal Auditor:

- *Total assessments \$2,739,000,000.*
- *Simplified the values of land: residential, vacant, farms, commercial properties, etc.*

Christopher Leusner, Chief of Police:

- *Asked if the ratable base is up or down.*

Dan Lockwood, Middle Township:

- *Asked for a summary on the capital fund as well as the debt service review.*

Fred Caltabiano, Registered Municipal Auditor:

- *8 million general obligation bonding and Sterback Harbor Special Assessment in 2016.*
- *Great interest rate received in 2016; also, received premium.*
- *Will have presentation for adoption.*

Dan Lockwood, Middle Township:

- *Asked if the debt service was dropping this year.*
- *Questioned if the township was not making payments.*

Fred Caltabiano, Registered Municipal Auditor:

- *Stated that the township is not as busy as last year.*

Dan Lockwood, Middle Township:

- *Information presented better this year compared to last year.*
- *Thanked Fred.*

Fred Caltabiano, Registered Municipal Auditor:

- *Made partner on July 1st; showed appreciation for Dan's comment.*

Dan Lockwood, Middle Township:

- *Asked if fluctuations in revenue are reviewed from year to year to make sure there is continuity.*

Fred Caltabiano, Registered Municipal Auditor:

- *Standard operation to look at; this year it's miscellaneous revenue in comparison to last year's.*
- *It's difficult with miscellaneous revenue; generally, looks for average.*

Dan Lockwood, Middle Township:

- *Asked if there were any changes made to policy procedures that could have impacted the total amount of revenue from 2016 to 2017.*

Fred Caltabiano, Registered Municipal Auditor:

- *Gave examples: health insurance, pension bills, etc.*

Dan Lockwood, Middle Township:

- *Made suggestions of topics that could be approved upon.*

Christopher Leusner, Chief of Police:

- *Asked if the capital fund is replenished when the township goes out to bond in regards to debt service.*

Fred Caltabiano, Registered Municipal Auditor:

- *Explained process.*
- *Is going to review ordinances with the township's CFO in regards to where there may be able find additional capital money available.*

Committeeman Donohue:

- *Asked what the increase is in the percentage of the levy.*

Fred Caltabiano, Registered Municipal Auditor:

- *5.63.*

Committeeman Donohue:

- *Asked for a number concerning the increase of salaries and wages for nonunion employees.*

Fred Caltabiano, Registered Municipal Auditor:

- *Will provide to Committeeman Donohue when found.*

Committeeman Donohue:

- *About \$185,000 increase in salaries outside of township's contracts; doesn't recall how old the information he was given is.*
- *Asked for clarification on the increase of \$211,000; doesn't believe number it matches.*

Fred Caltabiano, Registered Municipal Auditor:

- *Fred to provide break down of numbers at a later date.*
- *A synopsis of the budget to be published and posted on website.*

Committeeman Donohue:

- *Asked Fred for a total number of what is being used out of the CAP bank.*

Fred Caltabiano, Registered Municipal Auditor:

- *On sheet 3C; using \$320,541.72 of CAP Bank.*
- *Gave overview of how much money will be left; \$851,648.00 still in CAP bank which can be utilized in 2018.*

Committeeman Donohue:

- *Questioned the reasoning behind the calculation of the 2.3 cent increase in the tax rate.*

Fred Caltabiano, Registered Municipal Auditor:

- *Local share tax rate will be 47.5 cents; last year it was 45.2.*

Committeeman Donohue:

- *Asked to know the breakdown of the value.*

Fred Caltabiano, Registered Municipal Auditor:

- *\$56 per household on \$240,000 assessed home.*
- *Depending on how it is looked; the rate is 5.13% but if looked at in tax dollars it's 5.63.*

Public Works & Engineering:

Legal:

Tax Collection/Tax Assessment:

Construction/Planning/Zoning:

Recreation:

Police / Animal Control/ Code Enforcement:

Buildings and Grounds:

Sewer:

Economic Development:

Personnel:

Zoning:

Township Clerk:

PUBLIC COMMENT:

No further public comment

Motion to Adjourn Meeting – 5:04pm

1st: Committeeman Donohue

2nd: Committeeman DeVico

Roll Call Vote: Committeeman DeVico, Committeeman Donohue, Mayor Clark

Kimberly D. Krauss, Township Clerk

Minutes prepared by Krystel M. Arana, Deputy Township Clerk